

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>WISCONSIN ELECTRIC POWER COMPANY's</b>	)	
renewable energy reconciliation proceeding for the	)	Case No. U-18087
12-month period ended December 31, 2015.	)	
_____	)	

At the February 28, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On June 30, 2016, Wisconsin Electric Power Company (WEPCo) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its renewable energy plan (REP) costs and revenues for 2015. WEPCo also filed its annual report for 2015.

A prehearing conference was held on September 23, 2016, before Administrative Law Judge Sharon L. Feldman. WEPCo and the Commission Staff participated. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that WEPCo's 2015 REP reconciliation, as filed in this case, satisfies the requirements of Section 49 of 2008 PA 295 (Act 295), MCL 460.1049. The parties agree to the recovery of WEPCo's 2015 Michigan allocated share of the costs of post-Act 295 renewable energy generated at company-owned facilities, namely the Glacier Hills Wind Farm, the Montfort Energy Center, and

the Rothschild Biomass Project via the transfer price and surcharge mechanisms. The transfer price applicable to Glacier Hills in 2015 was \$80.41 per megawatt hour (MWh) and the transfer price applicable to Montfort and Rothschild in 2015 was \$71.16 per MWh. The parties agree that WEPCo met its renewable energy credit (REC) portfolio requirements in 2015.

The parties also agree that, for 2015, WEPCo's reconciliation results in a regulatory asset of \$1,120,554 (including carrying costs through December 31, 2015), and a cumulative regulatory liability of \$2,731,261, including interest.

The parties further agree that WEPCo's exchange of RECs in 2015 from system-wide renewable energy allocated to Michigan, that did not meet the MCL 460.1029 locational requirements, for like-kind (*e.g.*, wind-for-wind) amounts of Michigan-eligible RECs, without any reallocation of costs, with the exchanged-for Michigan eligible RECs to be used to meet the REC portfolio requirement, and the costs of the system-wide renewable energy and RECs allocated to Michigan that does not meet the MCL 460.1029 locational requirements recovered via traditional rate mechanisms, was consistent with prior Commission orders.

Finally, the parties agree that WEPCo's 2015 annual report, attached as Exhibit A-2 to the application, satisfies the requirements of Section 51 of Act 295, MCL 460.1051.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Wisconsin Electric Power Company's application for authority to reconcile its renewable energy plan revenues and expenses for the 12-month period ended December 31, 2015, satisfies the requirements of Section 49 of Act 295, MCL 460.1049, and is approved.

C. Wisconsin Electric Power Company's regulatory asset for 2015 of \$1,120,554, and cumulative regulatory liability balance of \$2,731,261 as of December 31, 2015, are approved.

D. Wisconsin Electric Power Company's exchange of credits in 2015 from system-wide renewable energy allocated to Michigan that did not meet the MCL 460.1029 locational requirements, for like-kind (*e.g.*, wind-for-wind) amounts of Michigan-eligible renewable energy credits, without any reallocation of costs, with the exchanged-for Michigan eligible renewable energy credits to be used to meet the renewable energy portfolio requirement, and the costs of the system-wide renewable energy and renewable energy credits allocated to Michigan that did not meet the MCL 460.1029 locational requirements recovered via traditional rate mechanisms, is approved.

E. Wisconsin Electric Power Company's 2015 annual report satisfies the requirements of MCL 460.1051 and is accepted.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of February 28, 2017.

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Kavita Kale, Executive Secretary

## STATE OF MICHIGAN

## BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**WISCONSIN ELECTRIC POWER COMPANY's** ) Case No. U-18087  
renewable energy reconciliation proceeding for )  
the 12-month period ended December 31, 2015. )

**SETTLEMENT AGREEMENT**

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, Mich Admin Code, R 792.10431, Wisconsin Electric Power Company (“Wisconsin Electric” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”), hereby agree as follows:

1. On June 30, 2016, Wisconsin Electric filed in this case its Renewable Energy (“RE”) reconciliation Application, along with the supporting testimony and exhibits of Christine M. Kane. In its direct case, Wisconsin Electric stated that, for the 12-month period ended December 31, 2015, its RE plan resulted in a regulatory asset of \$1,120,554, and a cumulative regulatory liability balance of \$2,731,261, including interest, based on the recovery of: (i) pre-2008 PA 295 (“Act 295”) RE costs as system-wide RE via traditional ratemaking mechanisms; (ii) the Michigan allocated share of the costs of Company-owned post-Act 295 sources of RE via Act 295 rate mechanisms (*i.e.*, the transfer price and RE surcharges); and (iii) the cost of RE credit (“REC”)-only purchases made specifically to comply with Act 295 requirements via Act 295’s cost recovery mechanisms. Wisconsin Electric’s 2015 Annual Report was attached to the Application as Exhibit A-2.

2. On August 3, 2016, the Commission’s Executive Secretary directed Wisconsin Electric to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and

counties in its Michigan electric service area, and to all intervenors in Case Nos. U-17798 and U-17809, and to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. Wisconsin Electric electronically filed its affidavits of mailing and proofs of publication on August 11, 2016, and August 22, 2016.

3. Administrative Law Judge (“ALJ”) Sharon L. Feldman presided over the September 23, 2016 prehearing conference. The Staff participated in the proceeding. There were no intervenors. A second prehearing was scheduled for December 14, 2016, and later rescheduled for February 3, 2017.

4. Subsequently, the parties participated in settlement discussions, and agree as follows:

A. Wisconsin Electric’s 2015 RE reconciliation, as filed in this case, satisfies the requirements of MCL 460.1049. Consistent with the 2015 RE Plan approved in Case No. U-17798, the parties agree to the recovery of Wisconsin Electric’s 2015 Michigan allocated share of the costs of post-2008 PA 295 RE generated at Company-owned facilities, namely the Glacier Hills Wind Farm (“Glacier Hills”), the Montfort Energy Center (“Montfort”) and the Rothschild Biomass Project (“Rothschild”) via the transfer price and RE surcharge mechanisms (subject to limits on Rothschild costs set forth in Paragraph 5.f. of the settlement agreement in Case No. U-17798).

B. The transfer price applicable to RE from Glacier Hills in 2015 was the \$80.41 per megawatt hour (“MWh”) transfer price approved in the Commission’s Order Approving Settlement Agreement dated May 26, 2009 in Case No. U-15812, which was affirmed in the Commission’s October 11, 2012 Order in Case No. U-16367, the December 19, 2013 Order in Case No. U-17072, and the February 11, 2016 Order in Case No. U-17798, and the transfer price of \$71.16 per MWh applicable to RE from Montfort and Rothschild in 2015 was that contained in the transfer price schedule

established in the Commission's December 19, 2013 Order in Case No. U-16662, February 12, 2015 Order in Case No. U-17562, and February 11, 2016 Order in Case No. U-17798.

C. Wisconsin Electric met its REC portfolio requirements in 2015.

D. For the 12-month period that ended December 31, 2015, Wisconsin Electric's reconciliation results in a regulatory asset (including carrying costs through December 31, 2015) for 2015 of \$1,120,554, and a cumulative regulatory liability of \$2,731,261 including interest.

E. Wisconsin Electric's exchange of RE credits in 2015 from system-wide RE allocated to Michigan that did not meet the MCL 460.1029 locational requirements, for like-kind (*e.g.*, wind-for-wind) amounts of Michigan-eligible RECs, without any reallocation of costs, with the exchanged-for Michigan eligible RECs to be used to meet the REC portfolio requirement, and the costs of the system-wide RE and RECs allocated to Michigan that does not meet the MCL 460.1029 locational requirements recovered via traditional rate mechanisms, was consistent with the Commission's December 19, 2013 Order in Case No. U-17072, February 12, 2015 Order Approving Settlement Agreement in Case No. U-17562; and February 11, 2016 Order Approving Settlement Agreement in Case No. U-17798.

F. Wisconsin Electric's 2015 RE Annual Report, attached as Exhibit A-2 to its Application, satisfies the requirements of MCL 460.1051, and Wisconsin Electric is in compliance with the RE standards.

5. The parties are of the opinion that this Settlement Agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties.

6. The parties further agree that any order approving this Settlement Agreement shall not establish precedent for future proceedings. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-18087. If the Commission approves this Settlement Agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

7. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission does not accept the Settlement Agreement without modification, it shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

8. The Settlement Agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding except so as to prove the contents herein.



9. All parties agree to waive Section 81 of the APA, as amended MCL 24.281, as it applies to the issues in this proceeding.

Dated: February 13, 2017

**WISCONSIN ELECTRIC POWER COMPANY**

By: **Michael C. Rampe**  
Digitally signed by Michael C. Rampe  
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**MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF**

Dated: February 13, 2017

By: **Spencer Sattler**  
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